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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF determining
Whether there has been a violation of the
Securities Act of Washington by:

St. Paul Film Foundation; Stephen Jones; their
employees and agents,

Respondents.

SDO - 31 - 99

CONSENT ORDER

Case No. 98-01-0032

The Securities Division, Department of Financial Institutions, State of Washington, and
Respondents, St. Paul Film Foundation and Stephen Jones, do hereby agree to this Consent Order in
settlement of the matters alleged herein. Respondents neither admit nor deny the Tentative Findings of Fact
and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

I.

Stephen Jones is a founder and the president of St. Paul Film Foundation, a non-profit Washington
corporation.

II.

From approximately May 1997 through January 1998 (the offering period), Respondents, conducting
business in Sumas, Washington as well as other locations outside of the state, acting in concert and through
their agents, caused to be offered and sold to investors, throughout the United States, "production bonds"

1 (the bonds) to fund the making of a feature film of the life of St. Patrick. Respondents solicited and sold to
2 prospective investors through the Internet, religious periodicals, private delivery services and the U.S. Mail.
3 Respondents offered the bonds in denominations of \$1,000, \$5,000 and \$10,000 and promised investors
4 interest in the amount of 10.55% per annum. The maximum amount to be offered was \$5,750,000.
5 Respondents raised in excess of \$2,500,000 through the sale of the bonds.

6 III.

7 During the offering period, Respondents failed, in the offer and sale of the “production bonds”, to
8 disclose material facts to prospective investors that included, but were not limited to the failure to adequately
9 disclose the risks of the investment, the failure to disclose the financial inability of the issuer to repay the
10 bonds; failure to disclose that certain transactions between the Foundation and its principals or affiliates were
11 not the result of arm’s length transactions; failure to disclose that none of the Foundation’s officers had any
12 prior experience at developing, producing, directing, distributing or marketing a feature length motion picture;
13 and failure to provide financial information such as an audited financial statement to potential investors.
14

15 Based upon the above Tentative Findings of Fact, the following Tentative Conclusions of Law are
16 made:

17 TENTATIVE CONCLUSIONS OF LAW

18 I.

19 The offer and sale of the bonds constitute the offer and/or sale of a security as defined in RCW
20 21.20.005(10) and (12), to wit: a bond, evidence of indebtedness, an investment contract and/or risk capital.
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II.

The offer and/or sale of said securities was made in violation of RCW 21.20.010, the anti-fraud provisions of the Securities Act because respondents failed to disclose to investors material facts as set forth above in Paragraphs I through III of the Tentative Findings of Fact.

ORDER AND CONSENT

Based on the foregoing,

IT IS HEREBY AGREED AND ORDERED That Respondents, St. Paul Film Foundation, Stephen Jones, their employees and agents shall each henceforth cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.010, the anti-fraud provisions of the Securities Act of Washington.

It is AGREED that Respondents, St. Paul Film Foundation and Stephen Jones, shall not be disqualified from the availability of the exemptions of WAC 460-44A-500 through 506 or similar exemptions as a result of the entry of this Order.

It is AGREED that Respondents, St. Paul Film Foundation and Stephen Jones, shall reimburse the Securities Division \$4,000 for its costs of the investigation.

IT IS AGREED that respondents, St. Paul Film Foundation and Stephen Jones, each waives its right to a hearing in this matter.

IT IS AGREED that the Securities Division has jurisdiction to enter this order.

1
2 Dated this _____ day of _____, 1999.

Dated this _____ day of _____, 1999.

3 **RESPONDENTS:**

4
5 _____
St. Paul Film Foundation

Stephen Jones, an individual

6
7 By: _____
(print name and title)

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9
10
11 **THIS ORDER ENTERED THIS _____ DAY OF _____ BY:**

12
13 _____
DEBORAH BORTNER
Securities Administrator

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15
16 Approved for Entry by:

Presented by:

17
18 _____
MICHAEL STEVENSON
Chief of Compliance

MARTIN CORDELL
Securities Examiner

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25 St. Paul Film Foundation
Consent Order

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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